

Message Text

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41

ACTION EB-07

INFO OCT-01 NEA-10 ISO-00 COME-00 STR-04 TRSE-00 CIAE-00

INR-07 NSAE-00 OPIC-03 L-03 SP-02 EUR-12 /049 W

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R 031300Z FEB 76

FM AMEMBASSY CAIRO

TO SECSTATE WASHDC 9751

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E.O. 11652: N/A

TAGS: EINV, EG

SUBJECT: PROPOSED FIRESTONE TIRE PLANT

1. DURING CALL ON EMBOFF AND AIDOFF TO DISCUSS OTHER MATTERS, THOMAS MINER OF THOMAS MINER ASSOCIATES, CHICAGO-BASED CONSULTANTS, STATED THAT HE WAS ALSO CARRYING FIRM PROPOSAL FROM FIRESTONE TO ENTER INTO JOINT VENTURE TIRE MANUFACTURING FACILITY IN EGYPT, A LA GOODYEAR. MINER REPORTED THAT, ACCORDING TO HIS (UNNAMED) SOURCES WITHIN MIN IND, RENCH TIRE FIRM MICHELIN IS LEADING CONTENDER FOR PROJECT, ALTHOUGH GOODYEAR PROPOSAL WAS STILL ON TABLE. HOWEVER, HE WAS NOT OPTIMISTIC OF CHANCES FOR EITHER US FIRM TO LAND PROJECT.

2. COMMENT: AS DEPT AWARE, OUR EFFORTS MOVE GOODYEAR PROJECT ALONG HAVE AS YET BORNE NO FRUIT. INVESTMENT AND FREE ZONE AUTHORITY MET JAN 26 WITHOUT CONSIDERING PROJECT IN ABSENCE LETTER FROM MINISTRY OF INDUSTRY OR FINANCE CONFIRMING AVAILABILITY OF FOREIGN EXCHANGE REQUESTED BY GOODYEAR. MINISTER OF INDUSTRY SHAHIN REMAINS OPPOSED TO GOODYEAR PROJECT AND HIS ARGUMENTS AGAINST IT HAVE PROBABLY BEEN STRENGTHENED BY LAST GOODYEAR DEMAND FOR UNSPECIFIED AMOUNT OF FOREIGN EXCHANGE. MINISTER OF FINANCE ABU ISMAIL IS DESPERATELY LOOKING FOR

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HARD CURRENCY TO PAY GOE'S DUE OBLIGATIONS

AND IS NOT LIKELY TO FIGHT FOR PROJECT WHICH WOULD
DRAIN STILL MORE HIS LIMITED HARD CURRENCY
RESOURCES. WE WILL CONTINUE EFFORTS ENCOURAGE
GOE GO ALONG WITH PROJECT, BUT APART FROM
OPPOSITION OF AFOREMENTIONED CABINET MEMBERS,
OUR PROBLEM IS GETTING EGYPTIANS TO UNDERSTAND
IMPORT SUBSTITUTION CONCEPT TO WHICH THEY STILL
GIVE SHORT SHRIFT.

3. WE HAD NOT PREVIOUSLY HEARD SUGGESTION THAT
MICHELIN HAS INSIDE TRACK AND DO NO KNOW DETAILS
OF ITS PROPOSAL. GIVEN SHAHIN'S PRO-FRENCH
PROCLIVITIES, STORY HAS PLAUSIBLE RING IRRESPECTIVE
OF NATURE OF MICHELIN PROPOSAL.
EILTS

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: INDUSTRIAL PLANTS, JOINT VENTURES
Control Number: n/a
Copy: SINGLE
Draft Date: 03 FEB 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: morefirh
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976CAIRO01402
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D760040-0719
From: CAIRO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760289/aaaadadf.tel
Line Count: 76
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: morefirh
Review Comment: n/a
Review Content Flags:
Review Date: 07 JUN 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <07 JUN 2004 by BoyleJA>; APPROVED <30 JUN 2004 by morefirh>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: PROPOSED FIRESTONE TIRE PLANT
TAGS: EINV, EG
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006